



**HOMEBUYER
PROGRAM
APPLICANT TRAINING
December 10, 2013
9:00 AM – 11:00 AM**

Homebuyer Agenda

Welcome and Opening Remarks

HOME Federal Rules Changes

HOME Subrecipient Role

Major Cross Cutting Regulations

Homebuyer Overview

Navigating the Application

Q & A

HOME Team Members

Allocation

Carolann Jensen, Chief Administration Officer

Connie Bryant, Rita Eble, Jerry Floyd, Nancy Peterson, Christine Zimmerman

Long Term Compliance

Julie Noland and Carol Wells

Application Due

**Applications Open: December 17, 2013
at 8:00 am (you will not be able to view
the application prior to this date)**

DUE DATE: January 14, 2014 by 4:30 PM

Please submit application early in case of
technical difficulties.

Federal Allocation

HOME Allocation 2014 (**estimate**)

\$5.5 M

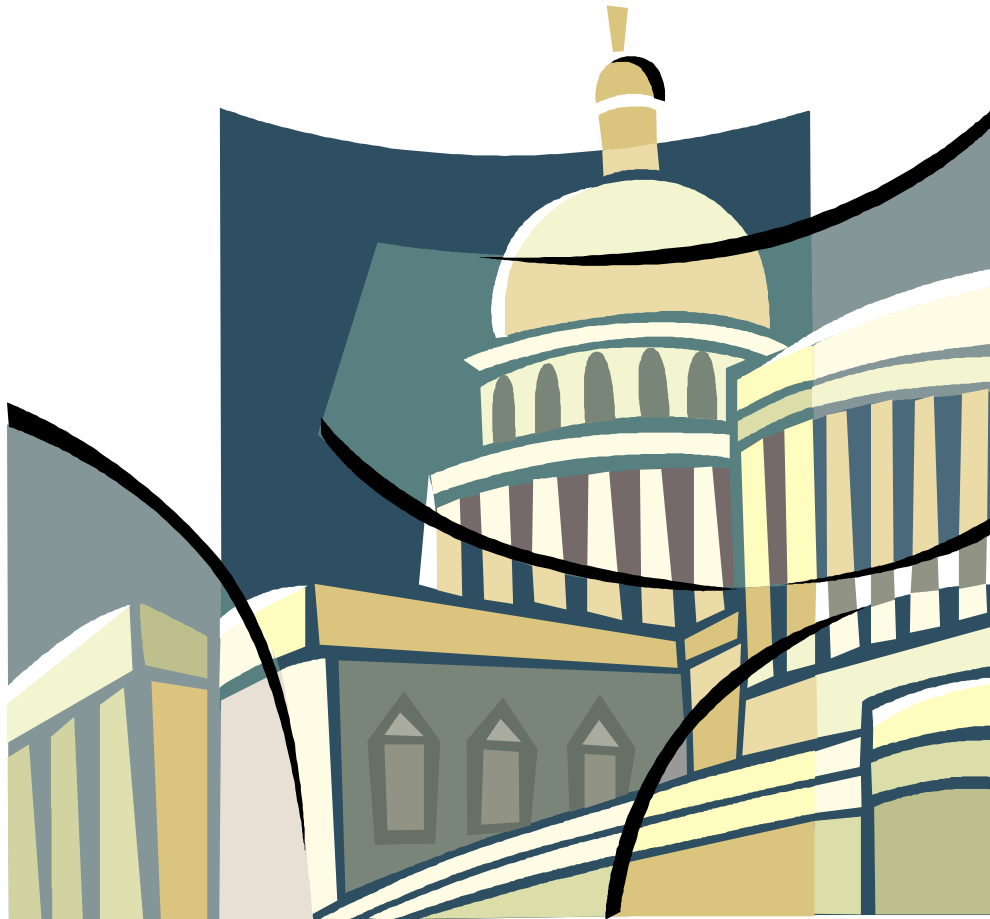
This is just an estimate of 2014 HOME funds.

As of yet there is not federal budget for FY2015

Eligible Applicants

Eligible applicants for HOME assistance include local governments and non-profit entities.

Rule Changes State and Federal



2013 Administrative Rule Changes

For homebuyer assistance, initial purchase price or after-rehabilitation value of homebuyer units assisted with HOME funds can not exceed 95% of the area median purchase price for single family housing, as determined by HUD.

Veterans are eligible to apply for homebuyer project.

HOME Rule

There must be a contract between the Subrecipient and the Homebuyer.

Homebuyer counseling is required for Homebuyer program.

2012 Home Appropriation Requirements

- Four Year Project Completion
- Assessment of Project Underwriting, Homebuyer Underwriting, and Market Need
- Conversion of Homebuyer Units to Rental Units

Subrecipient

A public agency or non-profit organization that receives HOME funds solely as a developer or owner of housing is not considered a subrecipient.

Compliance

A Subrecipient is **responsible** for compliance with all HOME regulations and failure to meet compliance regulations **could result** in repayment of funds by the subrecipient.

Subrecipients will be required to execute a Subrecipient Agreement (contract) with IFA.

Administration Funds

Only the subrecipient organization is eligible to receive the administration funds associated with managing the HOME funds locally.

General Administration is a separate activity contained in the subrecipient's approved budget and shown on Exhibit A of the HOME contract.

Administration Funds

Administration funds may be used to reimburse the following:

- Costs of operation including salaries, utilities, office supplies, etc.;
- Legal counsel;
- Providing public information;
- Fair housing and affirmative marketing activities;

Administration Funds

- Indirect costs under a cost allocation plan prepared in accordance with the Office of Management and Budget (OMB) Circular requirements; and
- Complying with other Federal requirements (employment and contracting, environmental review, lead-based paint, recordkeeping, relocation).

Subrecipient Responsibilities

The subrecipient of the HOME program will need to perform the following:

- Administration functions where HOME is used to reimburse actual staff costs;
- Developing systems and schedules to ensure compliance with the HOME program requirements including income eligibility;

Subrecipient Responsibilities

- Developing and filing of mortgages and deed restrictions and HOME written agreements with homebuyers;
- Long-term monitoring of HOME-assisted housing (resident verification and insurance);
- Preparing reports and other documents;

Technical Services

The technical service fees may be contracted through a third party following the procurement procedures through competitive bidding process.

- The subrecipient would retain full responsibilities and oversight for the work completed by any contractor;
- The cost of technical services cannot exceed \$4,500 per HOME-assisted address.

Technical Services

Technical service fees are project-specific costs assigned to the specific address of the home purchased through this program:

- Appraisals;
- Preparation of work specifications;
- Construction inspections and oversight;

Technical Services

- Inspections for the presence of lead hazards or defective paint;
- Advisory and other relocation services;
- Project-specific environmental reviews;
- Homebuyer counseling (if the buyer is HOME-assisted).

Contract Timeline



Contract Timeline

- Work completion date is two years
- Extensions will only be granted if significant progress has been made
- HOME funding can be de-obligated if a program cannot utilize all or a portion of the HOME funds.

Conflict of Interest

- No employee, officer, or agent of a subrecipient may participate in the selection, award, or administration of a contract supported by HOME if a real or apparent conflict of interest could be involved.

Procurement

- Non-profits must follow 24 CFR Part 84
- Governmental entities must follow 24 CFR Part 85

Recapture with Net Proceeds

- IFA requires that all programs utilize the recapture with net proceeds method
- Different types of recapture with net proceeds methods can be found in HUD's HOME Final Rule

Recapture with Net Proceeds

- HUD requires that a direct subsidy be provided for the recapture method to be used, so all projects must have some downpayment assistance
- Once recapture is utilized, subrecipients are responsible for securing the net proceeds for any sale of a HOME-assisted property during the affordability period

Recapture with Net Proceeds

- HUD requires that all homebuyers be aware of the recapture provisions, so it must be included within their contracts
- IFA has provided sample language
- If the correct recapture language is not utilized, subrecipients are still responsible to pay back the full amount of HOME assistance provided

Lead Based Paint

- The HOME program is impacted by HUD's Lead Safe Housing Regulations.
- This legislation is formally known as:

“Requirements for Notification, Evaluation and Reduction of Lead-Based Paint Hazards in Federally Owned Residential Property and Housing Receiving Federal Assistance; Final Rule”
(24 CFR, Part 35)

Relocation

Any project being funded with HOME funds that will result in either the Temporary Relocation or Permanent Displacement of current tenants *must* comply with the Relocation Assistance Policy and with all of the requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (URA).

Environmental

- This type of project is Categorically Excluded Subject to Other Federal Laws and Regulations.
- There will be time constraints because of publication and if the project has to contact the Indian Tribes.

Affirmative Fair Housing Marketing Plans

HOME Program
Single Family

Why is it important to have an Affirmative Marketing Plan?

Affirmative Marketing is a tool used to:

- Contact targeted groups of individuals that may not be reached by traditional methods of marketing.
- It also helps demonstrate that the housing project is following Federal Laws such as Title VI of the Civil Rights Act, Fair Housing Act, Section 504, Americans with Disabilities Act and Age Discrimination.
- When marketing housing units the IFA looks for complete and well thought through plans

Homebuyer Overview



Type of Programs and Caps

The total cap per HOME project is \$600,000

- Downpayment Assistance
 - Cap of \$35,000 per unit
- Acquisition with Rehabilitation
 - Cap of \$37,500 per unit
 - \$1,000 minimum amount of HOME downpayment
 - \$500 minimum amount of Homebuyer contribution

Eligible Participants

- First-time homebuyer and veterans
- Household incomes must be at or below 80% of area median income (income eligibility determination is valid for 6 months)
- HUD has a new tool available for income determination CPD Income Eligibility Calculator
- Property must be principal residence

Residency Requirement

- Homebuyer must use the HOME-assisted unit as the primary residence throughout the affordability period
- If the HOME-assisted unit is not the primary residence ALL direct and indirect subsidy (except admin) must be repaid to HUD by the homebuyer
- If the homebuyer cannot repay, the subrecipient is responsible for repayment
- Subrecipient must confirm at least annually that the HOME assisted unit is the primary residence

Forms of Ownership

Holding fee simple title

Property Standards



Property Standards

- Each house must be inspected, and housing quality standards must be met at time of occupancy
- In the absence of local codes/standards/ordinances, existing structures must meet Iowa's Minimum Housing Rehabilitation Standards (population of 15,000 or less)

Affordability

Period of affordability starts when project status in IDIS is changed to “complete”

Amount of HOME funds establishes the time period of affordability

Affordability period is the same regardless of whether assistance is a grant or a loan.

Affordability Periods

\$1,000-\$14,999

5 years

\$15,000-\$40,000

10 years

Over \$40,000

15 years

Initial Purchase Price or After-Rehab Value

The initial purchase price or after-rehabilitation value of homebuyer units assisted with HOME funds can not exceed 95 percent of the area median purchase price for single family housing, as determined by HUD.

Appraisals

- All Homebuyer properties require an appraisal (Down-payment only and rehab)
- A copy of the lender's appraisal is acceptable
- Appraisal must be less than 6 months old

Navigating the Application



Q & A



To Submit Questions

If you have a question after the training, please email: home@iowa.gov

- Questions must be submitted by email so that responses can be published on the IFA HOME webpage each Friday while the round is open.
- Only those questions responded to in writing can be relied on as the policy of the agency

DISCLAIMER

This presentation is intended as general information only and does not carry the force of legal opinion.